



State of New Jersey
BOARD OF PUBLIC UTILITIES
44 SO. CLINTON AVENUE
9TH FLOOR – P.O. BOX 350
TRENTON, NEW JERSEY 08625-0350

CHRIS CHRISTIE
GOVERNOR

KIM GUADAGNO
LT. GOVERNOR

PAUL FLANAGAN
EXECUTIVE DIRECTOR
TEL: (609)292-1634
FAX: (609)777-3348

June 3, 2014

Steven Herling
PJM Interconnection, LLC
955 Jefferson Avenue
Norristown, PA 19403

Re: PJM Artificial Island Proposal Window

Dear Mr. Herling:

The following comments are submitted to PJM Interconnection, L.L.C. ("PJM") by staff of the New Jersey Board of Public Utilities (NJBPU) in response to PJM's announcement of "preferred solutions" selected from all responses to the Artificial Island Proposal Window.¹

We understand that the nine projects currently under consideration fall within two options.² Though all projects would include a new transmission line originating from Artificial Island, one group of projects would head westward across the Delaware River to interconnect with a new 230 kV substation in Delaware (the "Southern Crossing Option") and the other group of projects would follow the existing Hope Creek to Red Lion 500 kV transmission line in New Jersey to the north, cross the Delaware River near New Castle, and interconnect at the Red Lion 500 kV substation in Delaware (the "Red Lion 500 kV Option").

According to PJM, permits issued by the states of NJ and DE and by the Army Corps of Engineers will be required for both solutions. We are concerned that the Red Lion 500 kV Option will specifically impact the Supawna Meadows National Wildlife Refuge (NWR) in Pennsville, NJ; the Alloway Creek Watershed Wetland Restoration Site and the Abbotts Meadow Wildlife Management Area in Elsinboro, NJ; and the Mad Horse Creek Wildlife Management Area in Salem, NJ.

¹ The Artificial Island Proposal Window was opened by PJM in mid-2013 to solicit competitive solutions to an electrical stability problem at the Hope Creek and Salem nuclear facilities (Artificial Island) in Lower Alloway Township.

² As you know, Customized Energy Solutions provides the Organization of PJM States updates on PJM committee activities. Much of the information BPU staff relies on in making these comments comes from the May 19, 2014 "CES Market IQ."

The Supawna Meadow NWR is managed by the US Fish and Wildlife Service. The still under construction Susquehanna to Roseland (S-R) 500 kV transmission line was significantly delayed due to the process associated with obtaining permits and approvals for a crossing of federal lands. Even though the project was one of those selected for "Rapid Response" by the federal Department of the Interior, and placed on an accelerated permitting schedule, it was still delayed three years beyond the initial in-service date.

At the same time, the impact of the S-R line on state lands along an *existing right of way* resulted in protests, delays, and costs well above initial estimates for mitigation during construction. The same may be true of the proposal to site transmission lines across the three NJ environmental management areas, especially given that a viable alternative exists. PJM's analysis of the five projects in the Red Lion 500 kV Option group recognizes negative impacts for all as to wetlands and land permitting, but only "some impacts" as to public opposition. In our experience, that is an optimistic view of the likely public response to these projects.

As you may know, the New Jersey Department of Environmental Protection (NJDEP) offers pre-application permit review, by which a proposed project can be evaluated for all environmental impacts and a preliminary determination of feasibility can be obtained. We have been advised by NJDEP that, to date, none of the projects identified as preferred solutions under either option have been so evaluated.

Finally, in a recent meeting, some of your colleagues asked BPU staff whether NJ law prohibits construction of transmission projects by non-incumbent operators. There is no NJ statute or regulation which contains this prohibition.

Sincerely,



Paul Flanagan
Executive Director

PF:mg

c Tricia Caliguire
Jennifer Hsia
Rene Demuynck